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The Transformation of Global Inequality: Unequal Inclusion or Exclusion

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With my presentation I intent to go global with Polanyi`s concepts in mind. I will present the central characteristics of production and marketization on a world scale in terms of unequal inclusion and exclusion and conclude with some considerations on resistance and counter-movements.

The two central features I will focus on are, firstly, the geographical relocation of production and, secondly, on the commodification or marketization of land, both from the perspective of the global South.

I. Global restructuring and the geographical relocation of production

The outsourcing phenomenon of mass production to the global South, starting in the 1970s and driven by Northern corporations, was clearly an answer to the twin crisis of the 1970s – a profit squeeze and overproduction. The replacement of higher-waged domestic labor with low-waged labor in the global South together with wage depression and precarization at home was a key strategy of capital to restore profits. At the same time the production and import of inexpensive consumption goods supported and still support comfortable lifestyles in the global North even if real wages stagnate.

1. The geographical relocation of production was facilitated by **structural adjustment programs in the 1980s and 1990s**, i.e. trade reform, liberalization of the domestic finance system, privatization – in short, the whole policy package of the so called “Washington consensus”. Structural adjustment programs dismantled the old regulations of more inward oriented and state-led development strategies and exposed the populations of the indebted countries of the global South to the full blast of market discipline.
2. The new development model was, and this is the second feature, **export-driven**, thereby reversing a long process of import substitution in the global South. The imposed market-led development strategy was about export promotion and re-integrated the periphery into global

production networks. The liberalization of foreign trade and the shift towards export orientation opened the periphery to imports. As a consequence, the countries became net importers of a whole range of manufactured goods from the advanced countries. In many cases they even became dependent on food imports due to the fact that local producers were unable to survive when exposed to competition from agricultural systems backed by subsidies and preferential tariffs.

3. Outsourcing of production or component production meant that Southern labor is concentrated at the bottom or lower end of global commodity chains, without or few forward or backward linkages to the local economy. Corporate control remains in the global North; the upper end of the chain generating higher value added is captured by lead firms or retailers in the global North. Transnational corporations make use of existing industrial capacities and a sufficiently qualified workforce in the global South. Over time, technology intensive industries were outsourced, too.

As Dani Rodrik shows, labor productivity is converging in manufacturing, regardless of region and sector. This is what dependency theorists like Samir Amin or Ruy Mauro Marini characterized as **over-exploitation of Southern labor**: equally productive workers are paid at different rates in different countries for the same work. In other words, one hour of productive work in a Northern country is exchanged for many hours of similarly productive work in a Southern country.

4. Geographical relocation, and this is central point, is a **highly selective process** in which certain countries or better regions or city-states became sites for component production and services outsourcing. The “manufacturing miracles” are in fact confined to a handful of East-Asian countries, or rather regions or city regions there. East-Asian contract manufacturers also were able to keep up the value of their exports – while most commodity exporters are either **locked in at the bottom of global commodity chains or locked-out**.
5. This leads me to my last point. Global production networks form one of the quintessential tools of imperial globalization, no doubt about that. But the focus on manufacturing outsourcing and on East-Asian countries, particularly China, obscures the fact that most countries of the global South experience **de-industrialization** since the 1980s. Whatever indicator you use – measured by employment, output shares, manufacturing share in GDP, manufacturing share in real value added or in GNP – the trend is clear. So, contrary to what is commonly believed, the dominant trend is not dependent industrialization – what we might assume in view of relocation, outsourcing and the expansion of global commodity chains but de-industrialization.

In critical development studies we speak about **‘involuntary de-linking’ of Africa** from the world market. James Ferguson took up the two different Africas that French colonialism once distinguished as **‘useful and useless Africa’** when discussing the selective and uneven process of capital investment on the continent.

But de-industrialization is true not only for low-income and least developed countries but also for middle income countries in Latin America and in the Maghreb, for example. Madagascar, Turkey, Nigeria, and South Africa report a sharp decline in the share of foreign direct investment going to mass manufacturing. Poor countries are still raw material exporters. The natural resources are transported out of the countries to be processed and consumed elsewhere. This leads to the second part of my presentation.

II. Commodification of land and the forced displacement of people

1. While plantation agriculture for export is a salient feature since the 1980s, large scale land acquisitions reached a **new peak in the 2000s and particularly since 2008**. Most of the purchased land is in Africa, but a growing share is now in Latin America and, a first since the post–World War II era, in Asia, notably in Russia, in the Ukraine, Laos, and Vietnam. The buyers are on the one hand “food insecure” states like the Gulf States, China, Japan, but also Sweden is involved, on the other hand corporations from sectors as different as biotechnology and finance.
2. Three significant factors contribute to the sharp increase in large-scale enclosures. One is the growing demand for industrial crops for **biofuels** used in the global North, and for **food crops**. The second reason is the sharp rise in global food prices in the 2000s which made land a **desirable investment**, even for speculative reasons. The third is the **dispossession by debt of small-scale farmers**, unable to compete with Northern based industrial food production and large-scale monocultures.
3. The consequence of this is that **hundreds of millions of people in the global South are expelled from their land** to a degree that is unprecedented at least in East Asia. The rising levels of toxicity in the land and water surrounding the plantations constructed on the acquired land make it impossible to live on and off the land. If we consider the consequences of climate change – and again it is the population of the global South that is most vulnerable to climate change though it is not responsible for it – we face an accelerated and increasing destruction of livelihoods through the very processes that, again, enable others to prosper.

4. The decisive factor here is that the dispossessed, the expelled are **not a 'labor reserve army'** in any obsolete nineteenth-century sense. These people have very little prospect of being absorbed as wage laborers. They are of very limited relevance to the requirements of capital at any scale. We are confronted with a lethal dynamic, as Murray Li puts it, one in which places (and their natural resources) of much of Africa, Latin America, and central Asia are useful, but the people on those lands are not. "The purpose is to control offshore land and resources. Offshore labor is optional."

III. Concluding remarks on counter-movements

Both – industrial relocation and the marketization of land – are different manifestations of the same processes of uneven and combined development. In both camps we see struggles against capitalist commodification.

Beverly Silver rightly pointed out: "Where capital goes, labor-capital conflict shortly follows. " China, the workbench of the world, is nowadays the epicenter of world labor unrest. The map of the China Labor Bulletin (<http://maps.clb.org.hk/strikes/en>) shows the rise of **'Marx-type labor unrest'**, a notion coined by Beverly, which refers to the struggles of newly emergent working classes in Bangladesh, Vietnam and elsewhere that organize themselves to fight against exploitation in production and to demand improved wages and working conditions.

On the other hand we see **'Polanyi-type unrest'** in the sense of struggles against unrelenting commodification of land and the destruction of livelihoods. These include landless movements, environmental groups and social justice organizations, transnational peasant networks like Via Campesina and indigenous movements from Latin America to India. They fight for the preservation of the natural conditions for survival just as for cultural recognition ("our land, our life, our culture"). The alter-globalization movement has summed up the concerns of Polanyi-type struggles by the slogan: "the world is not a commodity".

I'd like to conclude with a question that was raised by Michael Burawoy in a similar way: What is more important – the experience of exploitation (at the work place) or the experience to be expelled from land and to be deprived of cultural recognition and civil rights?

In a global perspective, I would estimate that the process of 'strengthening through industrialization and proletarianization' has affected only a small percentage of the Southern peoples. And if, waged labor might be only a short time experience due to firms' hiring and firing policy and harsh working

conditions. They are at best semi-proletarians and live from non-waged income and resources. Semi-proletarian households are, as Smith and Wallerstein inform us, the statistical norm.

So my answer to the question is similar is: The separation is unnecessary. Commodification of land, cultural degradation and exploitation of labor are simultaneous expressions of capitalist expansion. They both cause the plight of the masses and drive movements and struggles. With a view to the global South, the argument is even stronger: these experiences come together in one person or family and constitute the common ground between **anti-systemic movements**.

Thank you.

Literature referred to

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